

Shared Services Canada

2013–14

Departmental Performance Report

The Honourable Diane Finley, P.C., M.P.
Minister of Public Works and Government Services and
Minister responsible for Shared Services Canada

Departmental Performance Report 2013–14 (Shared Services Canada)

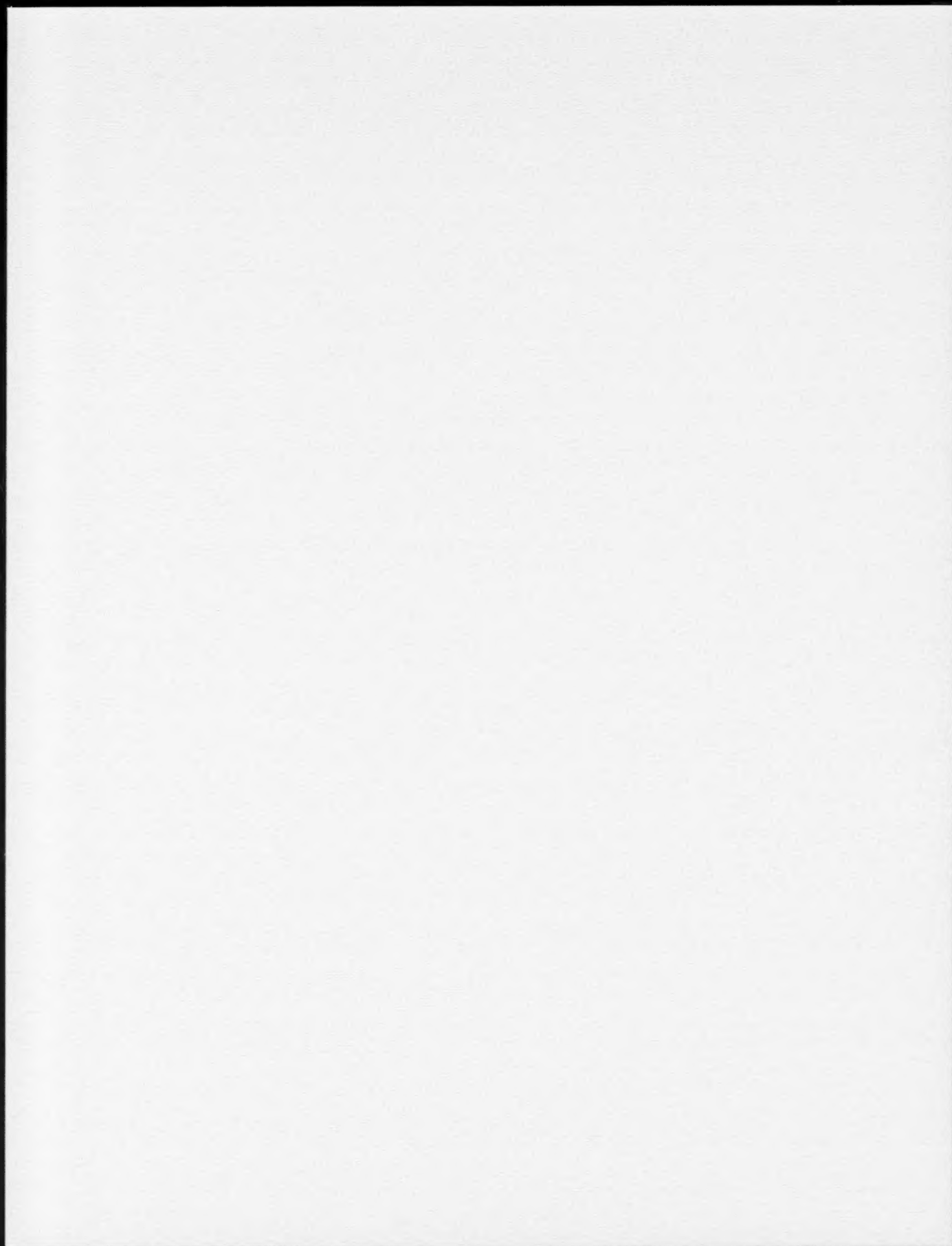
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Foreword

Departmental Performance Reports are part of the Estimates family of documents. Estimates documents support appropriation acts, which specify the amounts and broad purposes for which funds can be spent by the government. The Estimates document family has three parts.

Part I (Government Expenditure Plan) provides an overview of federal spending.

Part II (Main Estimates) lists the financial resources required by individual departments, agencies and Crown corporations for the upcoming fiscal year.

Part III (Departmental Expenditure Plans) consists of two documents. Reports on Plans and Priorities (RPPs) are expenditure plans for each appropriated department and agency (excluding Crown corporations). They describe departmental priorities, strategic outcomes, programs, expected results and associated resource requirements, covering a three-year period beginning with the year indicated in the title of the report. Departmental Performance Reports (DPRs) are individual department and agency accounts of actual performance, for the most recently completed fiscal year, against the plans, priorities and expected results set out in their respective RPPs. DPRs inform parliamentarians and Canadians of the results achieved by government organizations for Canadians.

Additionally, Supplementary Estimates documents present information on spending requirements that were either not sufficiently developed in time for inclusion in the Main Estimates or were subsequently refined to account for developments in particular programs and services.

The financial information in DPRs is drawn directly from authorities presented in the Main Estimates and the planned spending information in RPPs. The financial information in DPRs is also consistent with information in the Public Accounts of Canada. The Public Accounts of Canada include the Government of Canada Consolidated Statement of Financial Position, the Consolidated Statement of Operations and Accumulated Deficit, the Consolidated Statement of Change in Net Debt, and the Consolidated Statement of Cash Flow, as well as details of financial operations segregated by ministerial portfolio for a given fiscal year. For the DPR, two types of financial information are drawn from the Public Accounts of Canada: authorities available for use by an appropriated organization for the fiscal year, and authorities used for that same fiscal year. The latter corresponds to actual spending as presented in the DPR.

The Treasury Board *Policy on Management, Resources and Results Structures* further strengthens the alignment of the performance information presented in DPRs, other Estimates documents and the Public Accounts of Canada. The policy establishes the Program Alignment

Architecture of appropriated organizations as the structure against which financial and non-financial performance information is provided for Estimates and parliamentary reporting. The same reporting structure applies irrespective of whether the organization is reporting in the Main Estimates, the RPP, the DPR or the Public Accounts of Canada.

A number of changes have been made to DPRs for 2013–14 to better support decisions on appropriations. Where applicable, DPRs now provide financial, human resources and performance information in Section II at the lowest level of the organization's Program Alignment Architecture.

In addition, the DPR's format and terminology have been revised to provide greater clarity, consistency and a strengthened emphasis on Estimates and Public Accounts information. As well, departmental reporting on the Federal Sustainable Development Strategy has been consolidated into a new supplementary information table posted on departmental websites. This new table brings together all of the components of the Departmental Sustainable Development Strategy formerly presented in DPRs and on departmental websites, including reporting on the Greening of Government Operations and Strategic Environmental Assessments. Section III of the report provides a link to the new table on the organization's website. Finally, definitions of terminologies are now provided in an appendix.

Minister's Message

I am pleased to present the Shared Services Canada (SSC) 2013–14 Departmental Performance Report (DPR) for the period ending March 31, 2014. SSC is making steady progress in the transformation of the Government of Canada's information technology (IT) infrastructure to create a more efficient, reliable and secure IT platform for the Government of Canada.



SSC is continuing to achieve technology cost savings, while keeping networks safe and secure. These objectives are being achieved through a new three-year agreement between SSC and Microsoft. Additionally, SSC has now opened two new data centres, in Borden and Gatineau, as a part of our consolidation of 485 existing data centres, spread across 43 departments. Upon completion in 2020, we will have seven modern, efficient and secure enterprise facilities.

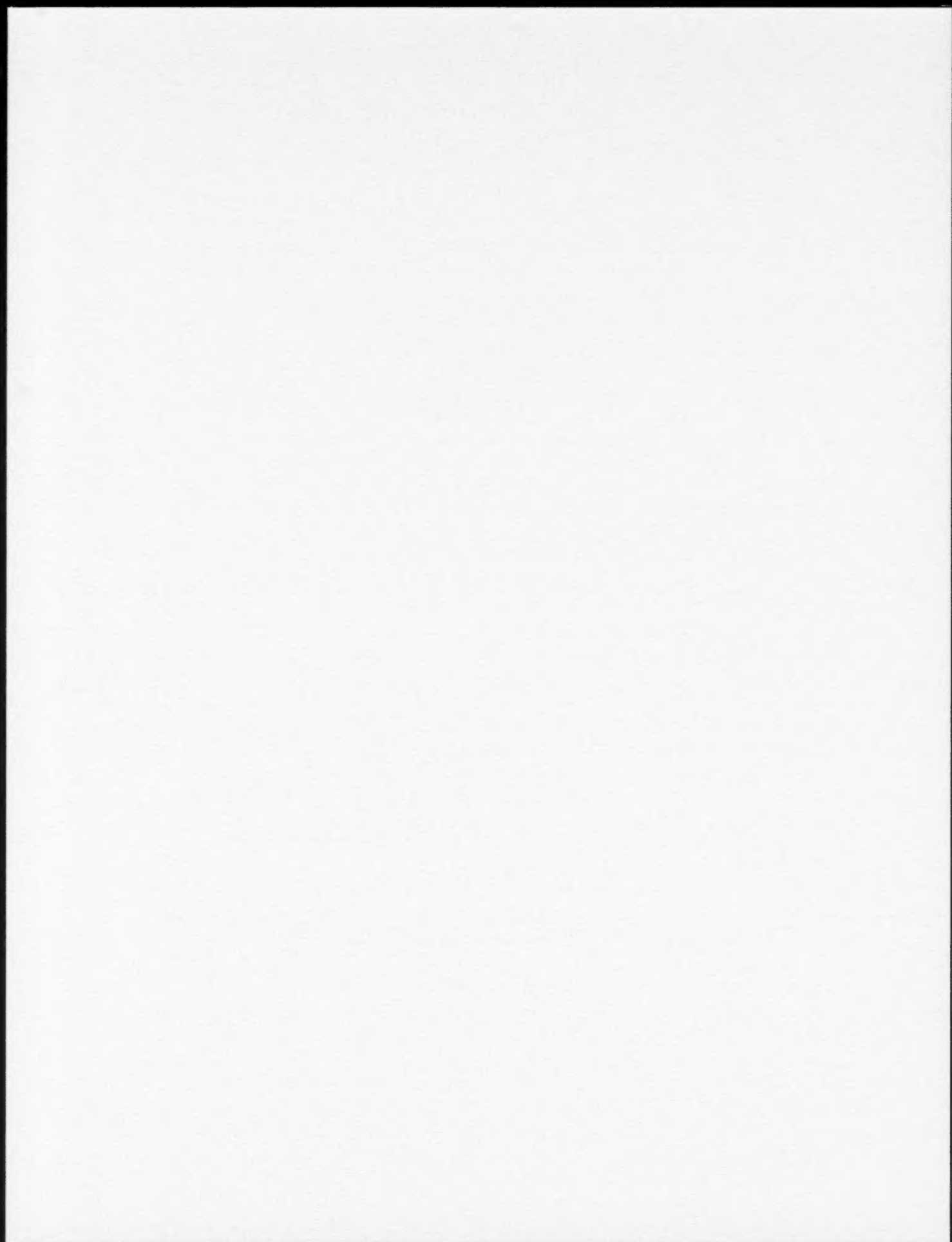
The Department also completed its plan for an enterprise-wide network and worked closely with internal and external partners in order to improve connectivity and to increase use of and access to videoconferencing capability, ultimately reducing the need for travel and the related costs associated with it.

I cannot look back upon the past year without making specific note of the significant cyber security incidents to which we have all been privy. These examples have driven home the point of just how critical it is for the Government of Canada to improve its networks and infrastructure, so that it can swiftly respond to malicious attacks or prevent them altogether, while protecting Canadians and their privacy. This is a priority that we take very seriously. SSC is working with a variety of other departments to take all necessary steps to enhance Canada's cyber security.

Cost savings is a part of SSC's mandate and the Department has met its objective of achieving \$150 million in savings for Canadian taxpayers through efforts in consolidating contracts, negotiating for better pricing, and reducing unnecessary duplication.

The year ahead will be a busy one as we make progress on a number of projects and continue our transformation agenda for not only government, but for all Canadians.

The Honourable Diane Finley, P.C., M.P.
Minister of Public Works and Government
Services and Minister responsible for Shared
Services Canada



Section I: Organizational Expenditure Overview

Organizational Profile

Minister: The Honourable Diane Finley, P.C., M.P.

Deputy Head: Liseanne Forand

Ministerial Portfolio: Public Works and Government Services

Enabling Instrument(s): *Shared Services Canada Act*¹

Year of Incorporation / Commencement: 2011

Other: Associated Orders in Council include Privy Council Numbers: 2011-0877; 2011-1297; 2012-0958; 2012-0960; 2013-0366; 2013-0367; and 2013-0368.

Organizational Context

Raison d'être

Shared Services Canada (SSC) is a federal department created on August 4, 2011, to transform how the Government of Canada manages its information technology (IT) infrastructure. SSC reports to Parliament through the Minister of Public Works and Government Services and is responsible for delivering mandated email, data centre and network services to partner organizations in a consolidated and standardized manner to support the delivery of Government of Canada programs and services. SSC also provides certain optional technology-related services to government organizations on a cost-recovery basis. With a whole-of-government approach to IT, SSC is creating economies of scale to deliver more efficient, reliable and secure IT infrastructure services to Government of Canada departments. SSC's mandate was reinforced on June 29, 2012, with the passage of the Shared Services Canada Act by Parliament.

Responsibilities

SSC was created by an Order in Council effective August 4, 2011, and subsequently received the authority to provide services related to email, data centres and networks to specified federal departments. SSC's focus is to maintain and improve IT service delivery across the Government of Canada, generate and reinvest savings, enhance security, and implement government-wide solutions to transform IT infrastructure to improve services to Canadians.

The Shared Services Canada Act recognizes that the Government of Canada wishes to standardize and streamline, within a single shared services entity, certain administrative services that support government institutions. Through Orders in Council, the Department received specific standardization and consolidation responsibilities in the area of IT infrastructure services. SSC responsibilities include ensuring that the government's mission critical systems across government continue to operate effectively.

SSC meets its responsibility to standardize and streamline IT infrastructure through its initiatives, working with the Information and Communication Technology (ICT) sector to deliver one email system, a government-wide footprint of seven data centres, a single government-wide network and transformed telecommunication services. SSC will also leverage the government's purchasing power to procure workplace technology hardware and software, advance consolidation and standardization, and develop strategies to modernize workplace technology support. SSC contributes to the achievement of other critically important and transformational Government of Canada initiatives such as the Perimeter Security Defence Project, the Transformation of Pay Administration initiative and the vision of the public service of the future as articulated in Blueprint 2020. As an IT security service delivery organization, SSC works

collaboratively with other Government of Canada cyber-security agencies to support the cyber security strategy.

Strategic Outcome and Program Alignment Architecture

SSC's Program Alignment Architecture (PAA), as approved by the Treasury Board of Canada Secretariat (TBS), supports the achievement of the following strategic outcome: Mandated services are delivered in a consolidated and standardized manner to support the delivery of Government of Canada programs and services for Canadians.

After extensive consultation across the Department in 2013–14 SSC revised its PAA, and expanded the number of subordinate programs. The new architecture is presented in the 2014–15 RPP and took effect April 1, 2014. The architecture as it applies to the fiscal year 2013–14 is shown below.

1. Strategic Outcome: Mandated services are delivered in a consolidated and standardized manner to support the delivery of Government of Canada programs and services for Canadians.

1.1 Program: Efficient and effective IT infrastructure services are delivered across the Government of Canada.

Internal Services

Organizational Priorities

Priority	Type ¹	Program
Maintain and begin streamlining IT infrastructure, standardize service management to support transformation and enhance security across the Government of Canada enterprise.	Previously committed to.	Efficient and effective IT infrastructure services are delivered across the Government of Canada.
Summary of Progress		
In parallel with its IT infrastructure transformation, the Department maintained operations for the current IT systems used throughout the Government of Canada to deliver programs to Canadians. Prioritizing the availability and security of the IT infrastructure, SSC worked in close collaboration with partner organizations to deliver IT infrastructure support on a number of key		

¹ Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the RPP or DPR. If another type that is specific to the department is introduced, an explanation of its meaning must be provided.

priorities and initiatives such as border protection, and the health and safety of Canadians.

SSC promoted the consolidation and standardization of its IT infrastructure from an enterprise-wide perspective. Horizontal lines of business were created to begin moving towards SSC's end-state operational model, while providing service delivery oversight through an enterprise-wide approach. Resources were shifted to build enterprise capacity.

SSC is making significant progress on data centre, network, IT security and IT service management transformation. Through sharing of best practices, SSC developed a standardized way of delivering IT service management to improve the delivery of core technology services across the Government of Canada. SSC also developed a comprehensive incident management model with its partners, promoting visibility, accountability and responsiveness to incidents, supported by SSC's enterprise service delivery model. An operational service management manual was finalized and published on SSC's extranet site detailing consistent, standardized service and delivery processes, with the goal of achieving "One Way of Working" for all of SSC and its partner organizations.

In December 2013, SSC launched the initial phase of its National Service Delivery initiative. In line with a horizontal service delivery model, the initiative establishes the foundation for seamless delivery of services across the country for partners and clients. Through the realignment of regional resources, the initiative provides greater flexibility for regional staff to adjust responsibilities in periods of increased need or where gaps exist.

In 2013–14 the Government of Canada Computer Incident Response Team was transferred from Communications Security Establishment Canada (CSEC) to SSC, along with the responsibility for the identification, response, and recovery from IT security incidents. This change, along with the transfer of the Federal Information Protection Centre and the IT Security Incident Response Team, strengthened SSC's role in the management of IT security incidents, protection of federal information, and security incident response across the 43 partner organizations. Through the Operations Security Review Committee, security related incidents are reviewed in partnership with CSEC. An operations security review process was also established to focus on Government of Canada mission critical systems, enhanced 24/7 security operations, and cyber security services, to protect Canadians, commerce, and SSC's partners.

To ensure supply chain integrity, SSC worked with CSEC to establish a rigorous screening process of vendors' goods and services to prevent the use of equipment that could compromise the security of Government of Canada networks. During 2013-14, the department conducted over 1,300 assessments.

Priority	Type	Program
Renew the Government of Canada's IT infrastructure by launching a single email solution, and by establishing plans for the consolidation of data centres and networks.	Previously committed to.	Efficient and effective IT infrastructure services are delivered across the Government of Canada.
Summary of Progress		
<p>In 2013–14, SSC achieved a milestone in its plan to consolidate more than 63 different email systems to one single email platform. Early in the fiscal year, SSC identified Bell Canada as the successful bidder to build and manage the new email platform, working in partnership with CGI Information Systems and Management Consultants Inc., and Microsoft.</p> <p>The data centre consolidation plan entails the reduction of 485 data centres to seven by 2020. During 2013–14, the Department prepared an integrated project plan for the establishment of enterprise-wide data centres and data centre services. It closed 10 legacy data centres and opened an enterprise data centre in Gatineau. SSC also launched several key procurement processes as part of the consolidation of data centres.</p> <p>Through the telecommunications transformation, SSC will help partners transition from the current array of networks to a single government-wide network that will modernize and improve services. In 2013–14, SSC consulted with private industry before launching several telecommunication procurements including: wide area network, data centre networks, and workplace communication services. Suppliers were subsequently invited to bid on the wide area network procurement, and other procurements will continue.</p> <p>The initial phase of the Government of Canada video conferencing service was completed, enabling 14 departments, including SSC, to videoconference across departmental lines and to share facilities. Shortly following the fiscal year end, an additional two partner organizations were added, bringing the total number of participating departments to 16.</p> <p>Improved access to technology was raised in 90 per cent of departmental reports on the Blueprint 2020 vision. Complementing the actions taking place in departments and agencies, Destination 2020 announced new actions to be undertaken across the public service in key priority areas of technology—Enhanced directory of federal public servants, desktop video conferencing, Wi-Fi access and other tools to support a mobile workforce, and usability enhancements to GCpedia, GCconnex, and a shared intranet.</p>		

Priority	Type	Program
Engage with partner departments, through established governance mechanisms and other means, in support of effective change management and the achievement of SSC's operational and transformation objectives.	Previously committed to.	Efficient and effective IT infrastructure services are delivered across the Government of Canada.
Summary of Progress		
<p>In September 2013, SSC launched an IT integrated planning exercise, involving all partner organizations, federal organizations acting as service providers, and central agencies. By mapping partner and government-wide priorities and initiatives to the SSC transformation plan, all stakeholders achieved greater awareness of the complexity of the Government of Canada IT transformation agenda, and the significant collaborative effort required to implement it.</p> <p>As part of the Cost Effective Telephone Services Initiative, SSC worked closely with partner Chief Information Officers (CIOs), reached out to the staff of all partner organizations and gathered information on over 300,000 existing telecommunications end-user services and devices. This information has informed and enabled subsequent activities aimed at eliminating unused or redundant services and reducing the number of devices supported, while also contributing to reductions in the cost of government operations.</p> <p>Over the last fiscal year, SSC has continued to mobilize partner organizations through a variety of mechanisms, including regular bilateral activities involving director to deputy head levels, as well as a broad range of multilateral activities such as steering and advisory committees, quarterly CIO fora, bi-weekly CIO Roundtables, and dedicated transformation working sessions.</p> <p>SSC's engagement with partners also expanded to include specialized functional communities outside of the federal IT domain, in areas such as program management, change management, human resources, finance, communications and security. Discussions and collaboration covered all aspects of the relationship between partners and SSC, with a particular focus on the email transformation initiative and data centre consolidation.</p> <p>A more recent outcome of SSC's evolving engagement with partners has been the request for SSC to co-chair the Government of Canada CIO Council with TBS. This federal government-wide IT governance body deals with issues related to IT policy and horizontal coordination, as well as issues of common interest explored with other jurisdictions, both domestic and international, and at which all SSC partners are represented.</p>		

Priority	Type	Program
Support horizontal management within SSC through the effective and efficient delivery of a full range of business services aligned with SSC's business model.	Previously committed to.	Internal Services
Summary of Progress		
<p>SSC promotes rigorous resource management, governance, and common business processes in support of the IT infrastructure program.</p> <p>In 2013–14, SSC began the implementation of a new human resources (HR) integrated service delivery model known as “click-call-consult”. Through this tiered model, HR processes are being standardized and streamlined to provide SSC employees and managers better access to HR services. In addition, SSC acquired an electronic procurement system that will enable SSC to standardize and streamline the process from initial request to payment, with greater automation and self-serve capacity. The Department also developed and put in place a financial management framework strengthening the responsibilities of financial officers and managers with delegated expenditure authority, and launched a new chart of accounts aligned to the revised PAA.</p> <p>SSC approved an internal policy foundation framework to promote a consistent approach for policy development within the Department. A policy on departmental security was developed in broad consultation with representatives from across the Department. The approved policy provides SSC employees with the necessary security requirements, roles and responsibilities, as well as links to departmental and governmental resources.</p> <p>The Department has made progress integrating risk and performance with business transformation. SSC's first Organizational Risk Profile was approved by senior management and mitigation strategies were developed to address key risks. Further advances will be made as the Department builds on its PAA and performance measurement framework. The Department also developed its first risk-based audit and evaluation plan for internal audit engagements over the next three fiscal years and for evaluation engagements over the next five fiscal years. An audit of service level agreements was completed and results were presented to the Departmental Audit and Evaluation Committee.</p> <p>In preparing for the implementation of the new email system, SSC initiated the rollout of Windows 7 laptops and Blackberry10 enterprise devices and launched GCDOCS, the government-wide document management system.</p> <p>To support transformational change, SSC established a strategic change office and developed an organizational change methodology, guide, and training. The Academy, a focal point for learning</p>		

and career management at SSC, was launched to support employees in the development of skill sets needed to adapt and contribute to the changing environment.

As part of its efforts to promote a unified departmental culture, the Department engaged employees in dialogue through initiatives such as “Let’s Talk” management blogs, “Coffee with the President and COO” group sessions, and new in 2013–14, “Spotlight”, a series of theme-based town hall meetings.

As an enterprise organization, SSC engaged in the Blueprint 2020 exercise and provided a report to the Clerk of the Privy Council documenting employees’ discussions. For SSC, the dialogue on this initiative was not only about the department, but about how the mandate is inextricably linked to the public service of the future. The public service that is envisioned in Blueprint 2020 will be greatly enabled by the transformation of information technology (IT) infrastructure that our department is leading on behalf of the Government of Canada.

Risk Analysis

Key Risks

Risk	Risk Response Strategy ²	Link to Program Alignment Architecture
Partnership Management There is a risk that delivery of the Department's transformation agenda will face challenges with partner organizations, industry and bargaining agents as transformation advances and creates disruption to established systems and processes.	<ul style="list-style-type: none"> • Integrate and align partner organizations' planning with SSC enterprise planning. • Implement partnership engagement models. • Establish effective outreach to Government of Canada IT communities and external stakeholders. • Continue the development of client relationship managers and portfolio leads into trusted advocates. • Further develop strategic relationships and complementary governance with partner organizations to support program operations and business transformation. 	1.1 Program: IT Infrastructure Services, Internal Services
Human Resources (HR) Capacity There is a risk that the Department will not have the right people with the proper skills to deliver on its mandate.	<ul style="list-style-type: none"> • Refine the Workforce Management Strategy to address current and future HR needs. • Refine Gateway to Mobility to facilitate internal employee movement. • Implement the Learning@SSC Strategy. • Continue to operate the Departmental Vacancy Management Committee to support effective workforce management. 	1.1 Program: IT Infrastructure Services, Internal Services
Financial Management There are risks concerning the Department's abilities to manage the challenges and achieve the self-funding requirement for SSC's transformation agenda.	<ul style="list-style-type: none"> • Ensure financial controls are in place at the organizational level. • Expand financial controls to management levels. • Ensure that financial information is readily available. • Develop additional processes and procedures as required based on continuous internal and external monitoring and analysis. • Ensure managers are equipped with the necessary training and tools to exercise financial stewardship. 	1.1 Program: IT Infrastructure Services, Internal Services

² Since SSC's corporate-level risks were approved in March 2014, results stemming from the corresponding risk response strategies will be published in the 2014-15 DPR.

As with any organization undertaking a significant transformation, SSC must remain attuned to the potential for internal and external risks. Effective analysis, management, and monitoring of risk allow SSC to deliver on its priorities and achieve its mandate.

In March 2014, senior management identified three key corporate-level risks following internal discussions across all branches of SSC and through engagement with partner organizations. These risks—partnership management, human resources capacity, and financial management—are described in the preceding table.

Being responsive to changing environmental factors enables SSC to deploy the appropriate risk response strategies and resources to areas where risk is most prevalent and most likely to adversely impact SSC's operations. The transformation agenda is integrated from a partner, human resources, and financial perspective, and its success depends on the sound management of these risks.

Actual Expenditures

Budgetary Financial Resources (dollars)

	2013-14 Main Estimates	2013-14 Planned Spending	2013-14 Total Authorities Available for Use	2013-14 Actual Spending (authorities used)	Difference (actual minus planned)
Gross Expenditures	1,715,223,608	1,717,429,326	2,069,823,361	2,004,237,625	286,808,299
less : Respendable Revenue	(317,117,552)	(317,117,552)	(350,999,820)	(350,999,820)	(33,882,268)
Net Expenditures	1,398,106,056	1,400,311,774	1,718,823,541	1,653,237,805	252,926,031

Actual spending increased by \$286.8 million over planned spending mainly as a result of the following items that were not included in planned spending: workplace technology software procurement (\$78.4 million), operating budget carry-forward from 2012-13 (\$83.7 million), year-end payroll expenditures (\$48.4 million), funding for various projects and initiatives (\$31.8 million), and adjustments with partner organizations as a result of the creation of the department (\$44.5 million).

There was an increase in respendable revenue in the amount of \$33.9 million (actual respendable revenue minus planned respendable revenue) due to increased revenues acquired from core and optional services, workplace technology procurement, and projects with partners and clients.

SSC's year end result (total authorities minus actual spending) reflects a surplus of \$65.6 million which is attributable to delays in the advancement of certain projects due to contracting complexity.

Human Resources (Full-Time Equivalents [FTEs])

2013-14 Planned	2013-14 Actual	2013-14 Difference (actual minus planned)
6,450	6,006	(444)

The variance between planned full-time equivalents (FTE) and actual FTEs is 444 FTEs. The creation of SSC by amalgamation of 43 departments created FTE data and planning challenges.

Planned figures were estimated based on information available at the time of the Orders in Council that created SSC, but before actual transfers from partner departments had been completed and could be assessed with certainty. Part of the variance, 250 FTEs, was due to commitments made by SSC in its Budget 2012 Internal Services program reduction targets. The 2014-15 planned reduction is 50 FTEs as per Budget 2012. The remaining difference can be explained by the ongoing realignment activities to move to an enterprise model and leverage existing resources.

Budgetary Performance Summary for Strategic Outcome and Program (dollars)

Strategic Outcome, Program and Internal Services	2013-14 Main Estimates	2013-14 Planned Spending	2014-15 Planned Spending	2015-16 Planned Spending	2013-14 Total Authorities Available for Use	2013-14 Actual Spending (authorities used)	2012-13 Actual Spending (authorities used)	2011-12 Actual Spending (authorities used)
Strategic Outcome: Mandated services are delivered in a consolidated and standardized manner to support the delivery of Government of Canada programs and services for Canadians.								
Program: IT Infrastructure Services								
Gross Expenditures	1,527,294,254	1,529,499,972	1,478,632,168	1,208,198,944	1,918,351,623	1,860,268,470	1,637,435,300	951,126,762
less Respendable Revenue	(317,117,552)	(317,117,552)	(189,972,991)	(325,000)	(350,999,820)	(350,999,820)	(369,298,905)	(389,820,934)
Subtotal	1,210,176,702	1,212,382,420	1,288,659,177	1,207,873,944	1,567,351,803	1,509,268,650	1,268,136,395	561,305,828
Internal Services								
Internal Services Subtotal	187,929,354	187,929,354	184,664,400	184,770,989	151,471,738	143,969,155	113,012,701	61,038,395
Total	1,398,106,056	1,400,311,774	1,473,323,577	1,392,644,933	1,718,823,541	1,653,237,805	1,381,149,096	622,344,223

SSC was created on August 4, 2011. The actual spending reflected in the table above for the fiscal year 2011-12 represents expenditures incurred by the 43 partner organizations on behalf of SSC from August 4 to March 31. As such, it does not represent a complete fiscal year.

Respendable revenue (also known as vote netted revenue) for 2014-15 and beyond is not fully shown. For 2014-15 an additional authority of \$223.8 million was approved by TBS on March 27, 2014 for a total of \$413.7 million. Authority for 2015-16 and onwards will be sought

at a later date in 2014-15. The variance between the 2012-13 and 2013-14 actual revenue can be explained by services that were discontinued or transferred to other departments.

Alignment of Spending With the Whole-of-Government Framework

Alignment of 2013-14 Actual Spending With the Whole-of-Government Frameworkⁱⁱ
(dollars)

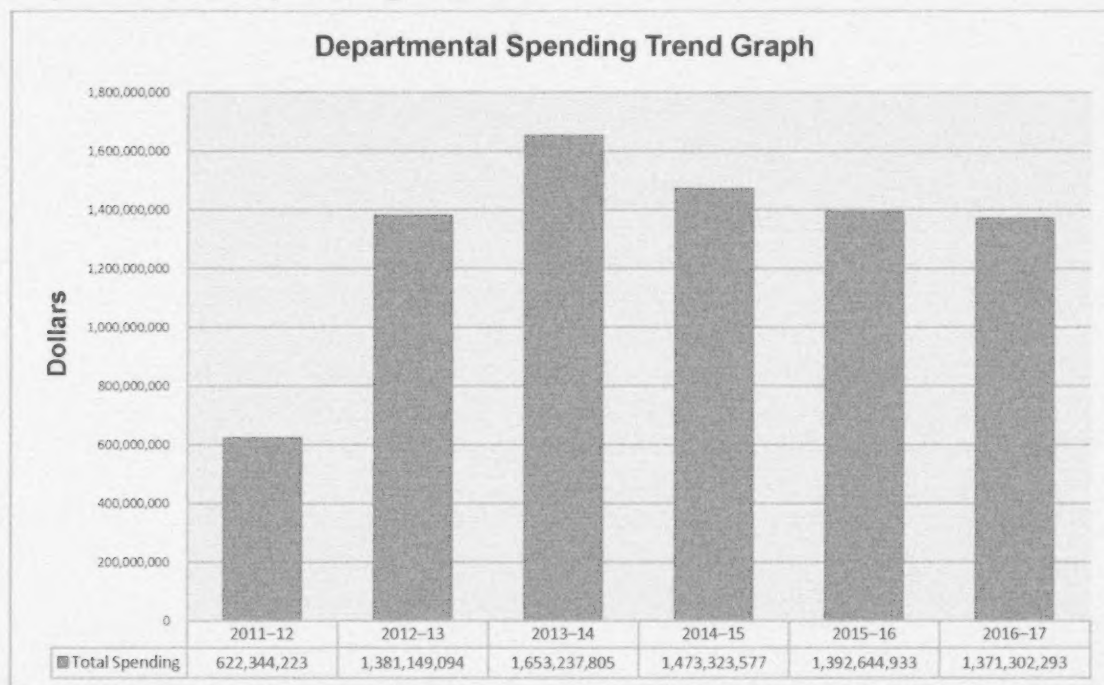
Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2013-14 Actual Spending
Mandated services are delivered in a consolidated and standardized manner to support the delivery of Government of Canada programs and services for Canadians.	IT Infrastructure Services	Government Affairs	Well-managed and efficient government operations	1,509,268,650

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic Affairs	-	-
Social Affairs	-	-
International Affairs	-	-
Government Affairs	1,212,382,420	1,509,268,650

Net actual spending increased by \$296.9 million for IT services over planned spending mainly as a result of the following items that were not included in planned spending: funding for the workplace technology software procurement, operating budget carry-forward, year-end payroll expenditures, funding for various projects and initiatives, as well as adjustments with partner organizations as a result of the creation of the department.

Departmental Spending Trend



As announced in Budget 2013, SSC invested \$20 million from its existing funding to enhance the Government's capacity for videoconferencing and other remote meeting solutions in support of reductions in travel expenditures. SSC will also pursue, as per Budget 2012, the Government's commitment to generating operational efficiencies and ensuring value for Canadians.

By 2014–15, SSC is expecting to generate approximately \$150 million in savings per year through consolidated contracts and lower overhead costs. By 2015–16, email transformation is expected to generate additional savings of \$50 million annually.

For 2016–17, the reduction in the planned spending can be attributed to the time limited funding for the Carling Campus project, a consolidation of National Defence's design and fit-up of IT infrastructure at their new location.

Estimates by Vote

For information on Shared Services Canada's organizational Votes and statutory expenditures, consult the Public Accounts of Canada 2014 on the Public Works and Government Services Canada website.ⁱⁱⁱ



Section II: Analysis of Program by Strategic Outcome

Strategic Outcome

Mandated services are delivered in a consolidated and standardized manner to support the delivery of Government of Canada programs and services for Canadians.

Program 1.1: Efficient and effective IT infrastructure services are delivered across the Government of Canada.

Description

Enterprise-wide consolidation in the areas of email, data centres and telecommunications improves the overall efficiency, reliability and security of IT infrastructure.

Budgetary Financial Resources (dollars)

	2013-14 Main Estimates	2013-14 Planned Spending	2013-14 Total Authorities Available for Use	2013-14 Actual Spending (authorities used)	2013-14 Difference (actual minus planned)
Gross Expenditures	1,527,294,254	1,529,499,972	1,918,351,623	1,860,268,470	330,768,498
less Respendable Revenue	(317,117,552)	(317,117,552)	(350,999,820)	(350,999,820)	(33,882,268)
Net Expenditures	1,210,176,702	1,212,382,420	1,567,351,803	1,509,268,650	296,886,230

Human Resources (Full-Time Equivalents [FTEs])

2013-14 Planned	2013-14 Actual	2013-14 Difference (actual minus planned)
5,550	5,116	(434)

SSC revised its PAA and performance measurement framework with the 2013-14 Management, Resources and Results Structure amendment process, effective for 2014-15. The table below reports on the performance commitments in effect for 2013-14.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Maintain and begin streamlining IT infrastructure, standardize service management to support transformation and enhance security across the Government of Canada enterprise.	Transfer of the Government of Canada Computer Incident Response Team from Communications Security Establishment Canada to SSC.	October 2013	Expected results were met. Transfer of the GC-CIRT was completed in the Fall 2013.
Renew the Government of Canada's IT infrastructure by launching a single email solution, and by establishing plans for the consolidation of data centres and networks.	Complete the procurement for an enterprise-wide email solution and begin implementation.	December 2013	Expected results were met. Procurement completed June 2013 and preparatory activities began for Wave 0 implementation within SSC itself, including Windows 7 and BlackBerry 10 rollouts.
	Complete the plan for enterprise-wide data centre services and begin consolidation and transition activities.	March 2014	Expected results were met. Plan completed and necessary approvals secured; consolidation and transition activities started.
	Complete the plan for enterprise-wide network services and begin consolidation and transition activities.	March 2014	Expected results were met. Enterprise network services plan completed June 2013 and contracts awarded for internet interconnect services and local internet access services.
Engage with partner departments, through established governance mechanisms and other means, in support of effective change management and the achievement of SSC's operational and transformation objectives.	Report to stakeholders including partners and central agencies, on SSC partnership and governance progress and on service objectives and performance.	Deliver SSC partnership performance report by December 2013	Expected results were met. SSC met regularly through multi-lateral and bilateral forums including the CIO Forum, the CIO Roundtable, and the joint SSC-TBS standards committee to update partners and central agencies on progress of the transformation agenda.

Performance Analysis and Lessons Learned

The success of SSC's enterprise-wide mandate is reliant on the ability to harness innovation to achieve value for money and provide better service. SSC began its transformation by inheriting highly complex and diverse IT infrastructure from 43 departments, driving up costs and hampering the ability of systems to function efficiently. The myriad of ways used to manage the IT infrastructure resulted in a lack of interdepartmental coordination and wasted opportunities to leverage best practices.

SSC learned that there were ways to realize savings quickly and efficiently. By the end of 2013–14, the Department had generated more than \$150 million in savings by consolidating goods and service contracts, leveraging better pricing, and reducing duplication. The first enterprise data centre—a development and test facility—was completed, which represents a first step in the transition from old data centres to new ones.

Costly Centrex telephone lines were eliminated in order to take advantage of newer technologies such as Voice over Internet Protocol. To date, more than 22,000 telephone land lines have been removed and replaced by more cost effective technology. SSC learned, in the process, the importance of working with partners to manage and execute wide-scale changes that touch many public servants, such as telephone services.

SSC also facilitated collaboration between public servants by upgrading videoconferencing capabilities. This initiative leveraged the existing videoconferencing capacity in departments and agencies across government by connecting these organizations to a shared service. Sixteen departments now have interoperable videoconferencing capabilities in more than 100 boardrooms with more departments scheduled to be added in 2014–15. SSC published an online directory of videoconferencing boardrooms enabling interdepartmental sharing of rooms. SSC is working with departments to monitor usage of these facilities, which should increase over time.

The first building retrofitted under government enterprise network services enabled tenants from several departments to improve communication amongst themselves and with the Canadians they serve, by using and sharing the latest communication systems including videoconference and WiFi. In the process of upgrading the building, SSC learned about the intricacies of integrating several technologies and the importance of partner communication at the project level. This first upgrade has become a blueprint that can be used for other government office technology upgrades.

Internal Services

Description

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Budgetary Financial Resources (dollars)

	2013-14 Main Estimates	2013-14 Planned Spending	2013-14 Total Authorities Available for Use	2013-14 Actual Spending (authorities used)	2013-14 Difference (actual minus planned)
Gross Expenditures	187,929,354	187,929,354	151,471,738	143,969,155	(43,960,199)
less: Respendable Revenue	-	-	-	-	-
Net Expenditures	187,929,354	187,929,354	151,471,738	143,969,155	(43,960,199)

Human Resources (FTEs)

2013-14 Planned	2013-14 Actual	2013-14 Difference (actual minus planned)
900	890	(10)

Performance Results

Expected Result	Performance Indicator	Target	Actual Result
Support horizontal management within SSC through the effective and efficient delivery of a full range of business services aligned with SSC's business model.	Develop and implement the first Risk-based Audit and Evaluation Plan for internal audit engagements over the next three fiscal years and evaluation engagements over the next five fiscal years.	March 2014	Met. Risk-based audit and evaluation plan completed.

Performance Analysis and Lessons Learned

In 2013–14, SSC continued to build internal functions to serve the Department. In a rapidly evolving context with transformation moving towards execution, internal services must also look to the future and be built for flexibility. SSC continues to see a high volume of transactions in certain functions such as HR and procurement, and has learned the importance of an evolving internal service function that will change as SSC's work changes over the coming years.

In areas such as finance, information management, and information technology, SSC developed foundational policies and training modules to ensure employees know their roles and responsibilities for sound stewardship.

Given the amount of change the Department and its partners are undergoing, the requirement for communication is high. SSC has learned to be proactive in this area and prepared over 1,100 different communication products, including newsletters, media releases, communiqués to employees and partner organizations, and Parliamentary committee presentations. The Department also developed tools and training to support the transition from old IT infrastructure to new.

The Department's first audit (Audit of Professional Services Contracting) revealed a potential for employer-employee relationships within service contracts that the Department had inherited at the time of its creation. Management has agreed to the audit recommendations and is taking action to mitigate the risk of potential employer-employee relationship in addition to strengthening a standardized procurement process.



Section III: Supplementary Information

Financial Statements Highlights

The financial highlights presented within this Departmental Performance Report are intended to serve as a general overview of SSC's Statement of Operations and Departmental Net Financial Position and its Statement of Financial Position. More detailed information is provided in SSC's 2013–14 financial statements. These unaudited statements have been prepared using Government of Canada accounting policies, which are based on Canadian public sector accounting standards.

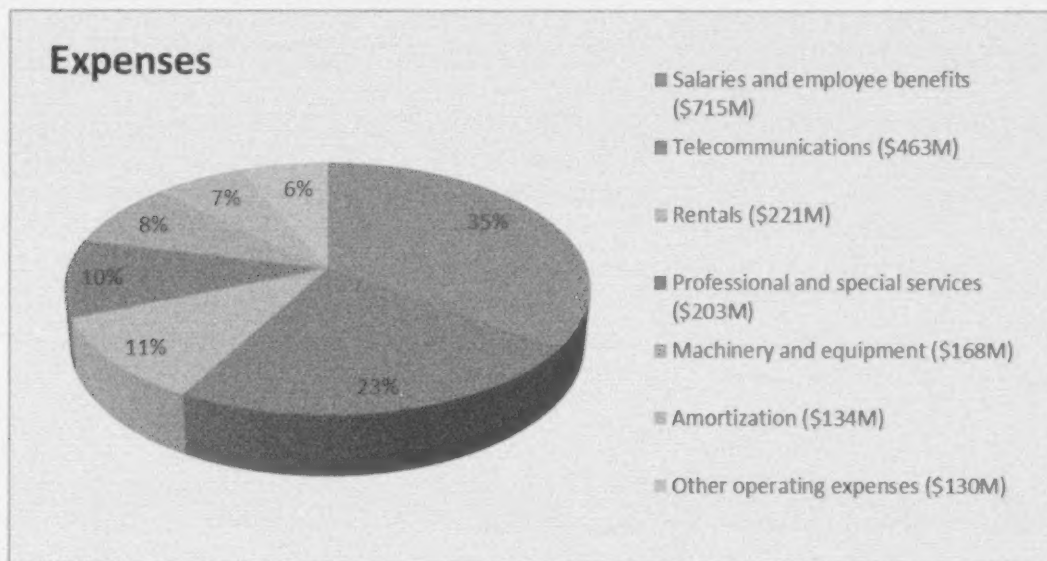
The unaudited financial statements are prepared in accordance with accrual accounting principles and are therefore different from the information published in the Public Accounts of Canada, which are prepared on an appropriation basis. Sections I and II of this report contain financial information based on parliamentary authorities, which reflect cash flow requirements. Items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. A reconciliation of net cost of operations to current year authorities used is presented in Note 3 to SSC's 2013–14 financial statements on its website.

The tables below illustrate the March 31, 2014 ending balances for each major financial statement grouping, along with the corresponding change from the previous fiscal year.

Shared Services Canada Condensed Statement of Operations and Departmental Net Financial Position (unaudited) For the Year Ended March 31, 2014 (dollars)					
	2013–14 Planned Results	2013–14 Actual	2012–13 Actual	Difference (2013–14 actual minus 2013–14 planned)	Difference (2013–14 actual minus 2012–13 actual)
Total expenses	1,687,567,000	2,034,425,332	1,765,329,573	346,858,332	269,095,759
Total revenues	317,135,000	334,802,005	373,479,848	17,667,005	(38,677,843)
Net cost of operations before government funding and transfers	1,370,432,000	1,699,623,327	1,391,849,725	329,191,327	307,773,602
Departmental net financial position	N/A	293,090,502	270,600,115	N/A	22,490,387

SSC's overall expenses increased by \$269 million in 2013–14. Salaries and employee benefits increased by \$113 million, mainly due to severance settlements paid in 2013–14 (\$42 million) and the adjustment of the employee future benefits allowance (\$56 million). The increase of \$156 million in operating expenses (excluding salaries and employee benefits) is primarily due to new contracts for use of computer software (\$56 million), the transfer of expenses from other Government departments related to workplace technology devices (\$37 million) and professional and special services to support services provided to partner organizations and SSC's transformation programs, such as email program, service design and strategy, enterprise architecture, and mainframe operations (\$31 million).

The Financial Statement's Note 14 Segmented Information provides detailed information by major object of expenses and by program.



SSC's total revenues for 2013–14 are \$335 million. Of these revenues, the majority are spendable revenues related to IT infrastructure services provided to partnering organizations and other Government of Canada departments and agencies on a cost recoverable basis. SSC's revenues, net of \$8 million in non-spendable revenues earned on behalf of government, consist of 99.99 percent in sale of goods and services and 0.01 percent in miscellaneous revenues (\$25,000).

Shared Services Canada

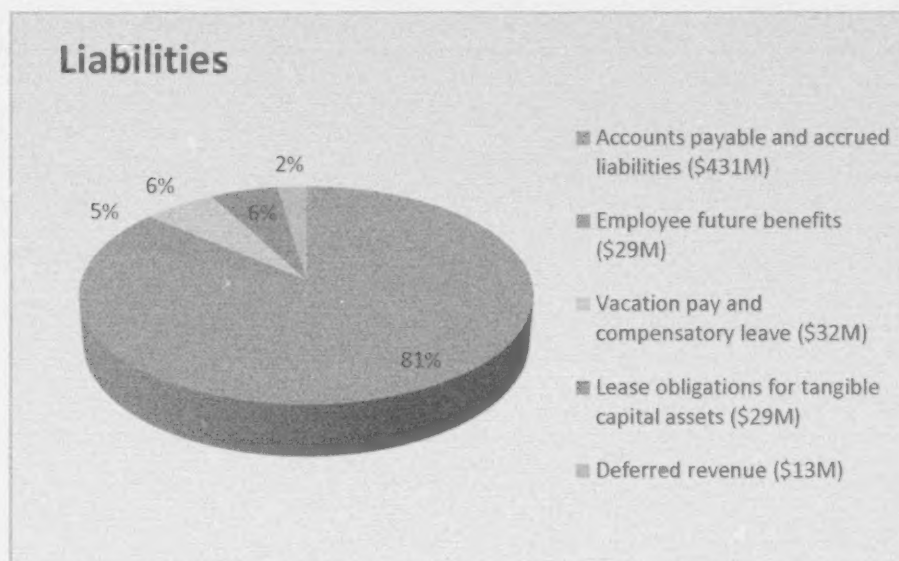
Condensed Statement of Financial Position (unaudited)

As at March 31, 2014

(dollars)

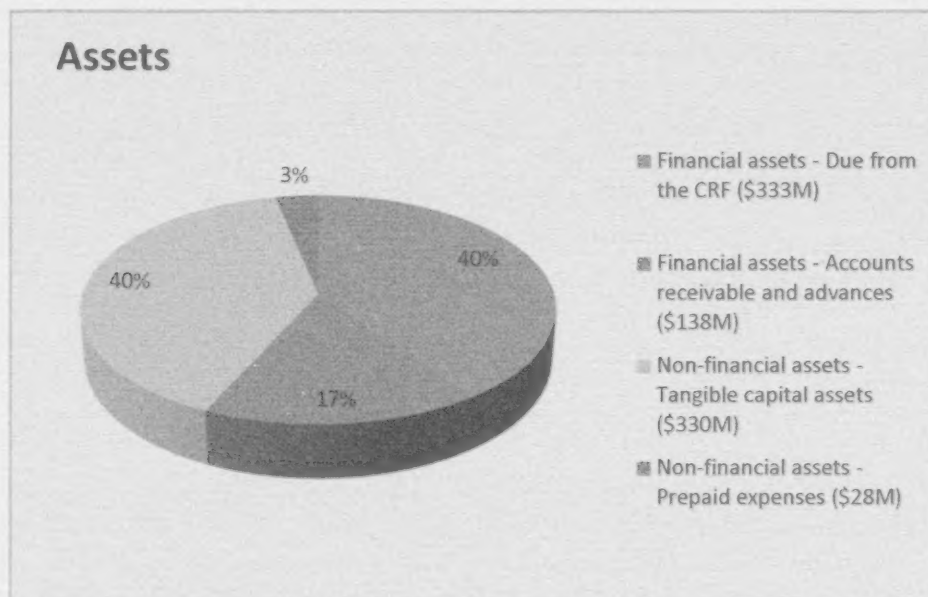
	2013-14	2012-13	Difference (2013-14 minus 2012-13)
Total net liabilities	533,716,536	533,584,958	131,578
Total net financial assets	469,145,122	445,187,859	23,957,263
Departmental net debt	64,571,414	88,397,099	(23,825,685)
Total non-financial assets	357,661,916	358,997,214	(1,335,298)
Departmental net financial position	293,090,502	270,600,115	22,490,387

Total liabilities were \$534 million at the end of 2013-14, an increase of \$0.1 million (less than 1 percent) over the previous year's total liabilities. In 2013-14, accounts payable and accrued liabilities represented the largest portion of liabilities (81 percent) at \$431 million (72 percent in 2012-13).



Total net financial assets were \$469 million at the end of 2013–14, an increase of \$24 million (5.4 percent) over the previous year's total net financial assets of \$445 million. In 2013–14, the amount due from the Consolidated Revenue Fund (CRF) represented the largest portion (71 percent) of net financial assets at \$333 million (60 percent in 2012–13).

Total non-financial assets were \$358 million at the end of 2013–14, a decrease of \$1 million (0.4 percent) over the previous year's total non-financial assets of \$359 million. This net decrease is explained by a decrease of \$7 million in prepaid expenses and an increase of \$6 million in tangible capital assets. The decrease in prepaid expenses is mostly explained by the amortization of previous year's prepaid expenses. The increase in tangible capital assets is mainly due to new acquisitions and transfers of workplace technology devices from several other government departments on April 3, 2013.



Financial Statements

The Department's financial statements can be found on SSC's website^{iv}.

Supplementary Information Tables

The supplementary information tables listed in the *2013–14 Departmental Performance Report* can be found on SSC's website^v.

- ▶ Departmental Sustainable Development Strategy;
- ▶ Internal Audits and Evaluations;
- ▶ Sources of Respendable Revenue;
- ▶ Status Report on Transformational and Major Crown Projects.

Tax Expenditures and Evaluations

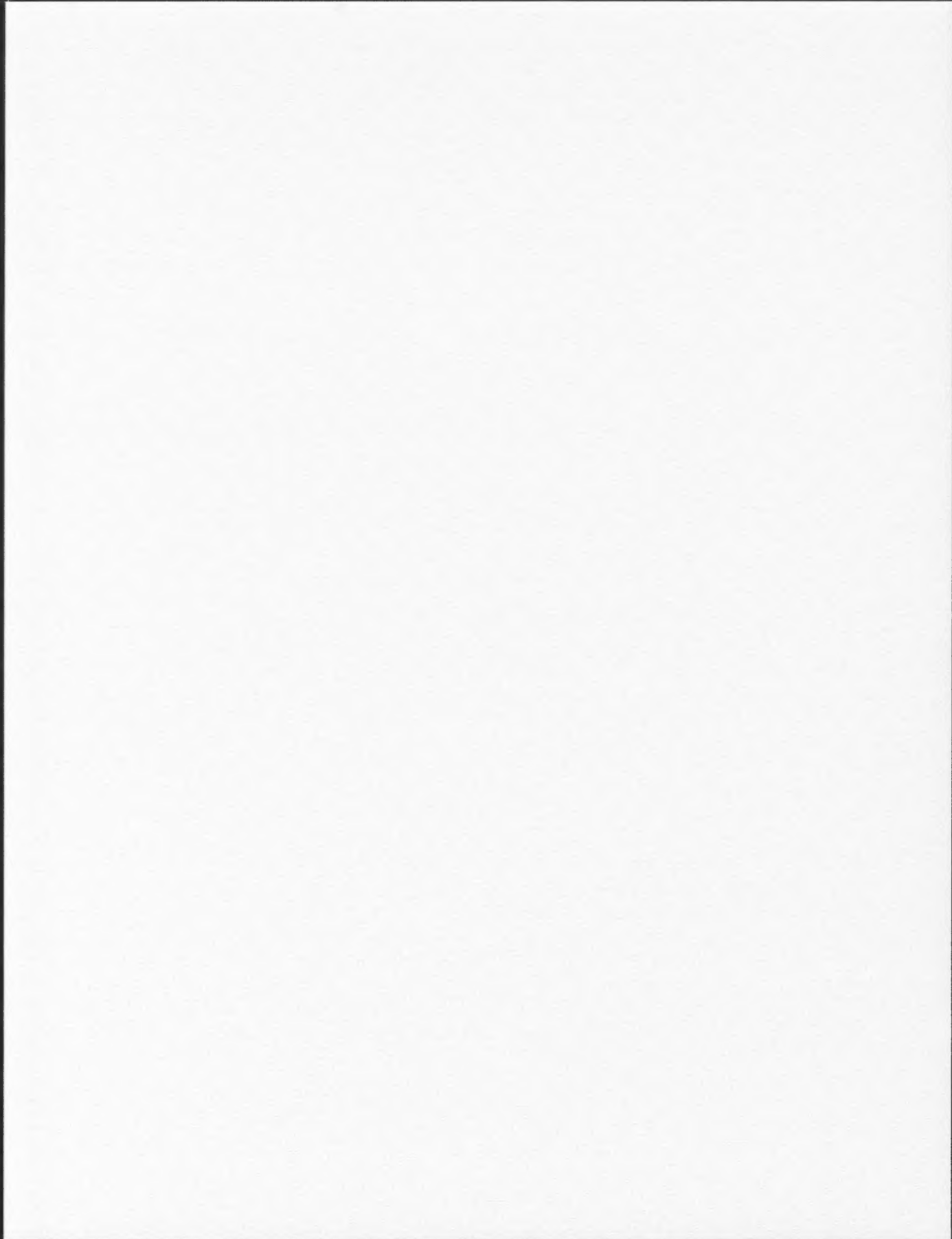
The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the Tax Expenditures and Evaluations^{vi} publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the sole responsibility of the Minister of Finance.



Section IV: Organizational Contact Information

Please direct your inquiries to: Media@ssc-spc.gc.ca^{vii}

613-947-6276



Appendix: Definitions

appropriation: Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures: Include operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report: Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent: Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes: A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure: A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures: Include net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance: What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

performance indicator: A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting: The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending: For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plans: The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities: Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program: A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

results: An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

Program Alignment Architecture: A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

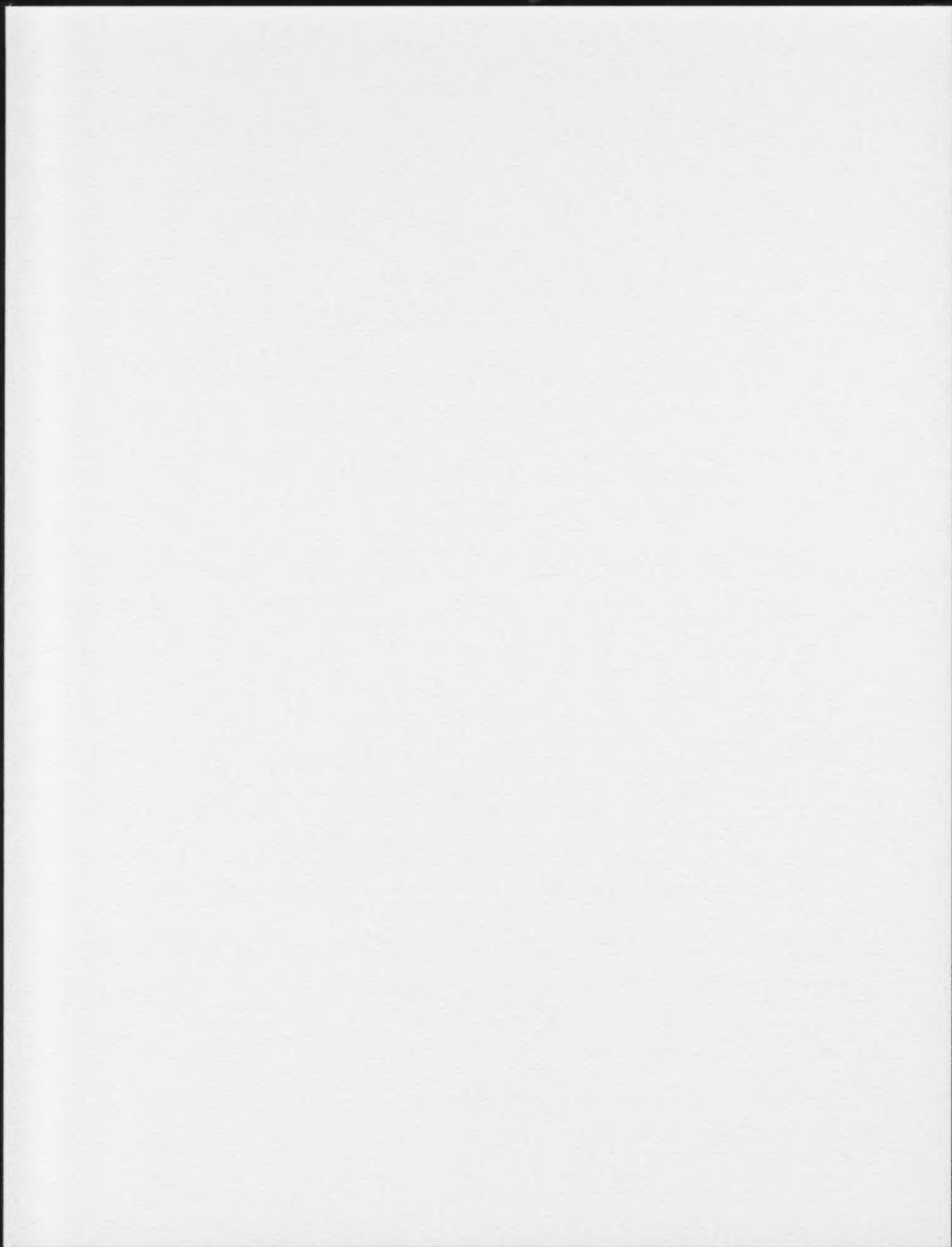
Report on Plans and Priorities: Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

Strategic Outcome: A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program: A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target: A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

whole-of-government framework: Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.



Endnotes

- i Shared Services Act, <http://laws-lois.justice.gc.ca/eng/acts/S-8.9/index.html>
- ii Whole-of-government framework, <http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx>
- iii *Public Accounts of Canada 2014*, <http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html>
- iv SSC 2013-14 Condensed Departmental Financial Statements, <http://www.ssc-spc.gc.ca/pages/fs-ef-2014-eng.html>
- v Supplementary Information Tables, <http://ssc-spc.gc.ca/pages/dpr-sup-table-2013-2014-eng.html>
- vi *Tax Expenditures and Evaluations* publication, <http://www.fin.gc.ca/purl/taxexp-eng.asp>
- vii SSC Media Enquiries, Media@ssc-spc.gc.ca